

State of Hawaii

AG-001-Contract for Professional Service

February 14, 2017

Department of Taxation

Director

830 Punchbowl St., Honolulu, HI 96813

PFM Group Consulting LLC

Corporation

Pennsylvania

1735 Market Street, 43rd Floor, Philadelphia, PA 19103,

Federal ID: 81-1642478; State ID: GE-170-961-9200-01

Act 222, SLH 2016

\$146,000

103D-304

February 14, 2017

October 31, 2017

1

Six months

One hundred forty-six thousand dollars and 00/100

\$146,000

Not Applicable

NA

Maria Zielinski

Director

Michael Nadol

Managing Director

Randall S. Nishiyama

AG-009-Contractor's Acknowledgment

Pennsylvania

Philadelphia

2nd January, 2017

Michael Nadol

President

Managing Director

PFM Consulting LLC
Jennifer L Howell
Pennsylvania
May 8, 2017

AG-010-Contractor's Standard of Conduct Declaration

PFM Group Consulting LLC
Checked is not
Michael Nadol
Managing Director
2/2/17

AG-011-Scope of Services

The Contractor shall provide the following studies:

1. A study showing who bears the burden of Hawaii's taxes.
2. A study showing ways to reform Hawaii's taxes to make them less regressive.
3. A study on the best ways to generate more revenue through new and existing sources, and through improved compliance with Hawaii's tax laws.

See Exhibit A

AG-012-Compensation and Payment Schedule

As compensation for the work to be performed, the State agrees to pay the Contractor a sum of money not to exceed \$146,000 (ONE HUNDRED FORTY-SIX THOUSAND and 00/100 DOLLARS) inclusive of all costs including travel, incidental expenses, federal, state, and local taxes. Payments shall be made by the State upon receipt of proper invoices from the Contractor showing the amount requisitioned and only after the State has determined that the Contractor has satisfactorily completed the work in accordance with this Contract. See also item 17 of the General Conditions.

The Contractor shall comply with a payment schedule of \$20,000 per month for five (5) months with a final payment of \$46,000 upon the delivery of the final report consisting of all three (3) studies as specified in Exhibit A. All invoices shall reference this Contract number assigned to this Contract to facilitate the payment process. The Contractor shall submit a monthly invoice including detail of services provided to the following address:

Department of Taxation
Administrative Services Office
830 Punchbowl Street room #217
Honolulu, HI 96813

The following items are required prior to commencing any performance under this Contract:

1. A tax clearance certificate from the Department of Taxation and the Internal Revenue Service, current within six months of issuance date.
2. A certificate of compliance from the Department of Labor and industrial Relations, current within six months of issuance date.
3. A certificate of good standing from the Department of Commerce and Consumer Affairs, current within six months of issuance date.

In lieu of the certificates above, the CONTRACTOR may make available proof of compliance via a current Certificate of Vendor Compliance obtained through Hawaii Compliance Express showing the statuses for Hawaii Department of Taxation, Internal Revenue Service, Hawaii Department of Commerce & Consumer Affairs and Hawaii Department of Labor & Industrial Relations as either compliant and/or exempt.

Final payment under this Contract require:

1. A tax clearance certificate from the Department of Taxation and the IRS, current within two months of issuance date; and a certification from the CONTRACTOR affirming that the CONTRACTOR has remained in compliance with all laws as required by section 3-122-112, HAR.
or
2. A current Certificate of Vendor Compliance obtained through Hawaii Compliance Express showing the statuses for Hawaii Department of Taxation, Internal Revenue Service, Hawaii Department of Commerce & Consumer Affairs and Hawaii Department of Labor & Industrial Relations as either compliant and/or exempt. See the General Conditions, item 17.

AG-013-Time of Performance

The period of performance shall commence on the Effective Date of this Contract and end on October 31, 2017 unless terminated earlier as provided in this Contract. This Contract may be renewed at the State's sole option at an hourly rate as proposed in the Contractor's proposal, for a scope to be mutually agreed upon, for an additional period not to exceed six (6) months.

PROJECT MILESTONES

DATE:	DESCRIPTION:
3rd Week of February 2017	Contract signed/Interview Tax Review Commission members
3rd-4th Week of February 2017	Interview key stakeholders
1st Week of March 2017	Attend Tax Review Commission meeting in person to discuss project plan and strategy
1st Week of August 2017	Draft report due
1st Week of August 2017	Attend Tax Review Commission meeting in person to present draft report
1st Week of September 2017	Final report due

AG-014-Certificate of Exemption from Civil Service

Maria E. Zielinski
February 9, 2017
Director

AG-015-Special Conditions

CONFIDENTIALITY OF TAX INFORMATION

The Contractor and its subcontractors, employees, and agents shall be responsible for the security and confidentiality of any and all tax documents and information. The Contractor and its subcontractors, employees, and agents fully understand it is unlawful to make known information provided by the Department, including, but not limited to, information imparted by any tax return or record to be seen or examined by any unauthorized person or to make copies of tax information under either the Internal Revenue Code of 1986, as amended (26 U.S.C.), or Hawaii law. Any breach of this provision shall be cause for termination of this Contract and shall subject the Contractor, its employees, agents, and subcontractors to prosecution as provided by federal and state law.

Any taxpayer confidential information received from the Department will not be electronically transmitted via e-mail or facsimile (fax) between the Department and the Contractor and any outside specialists or other entities engaged by either party. The Contractor and its subcontractors, employees, and agents shall return all tax documents and information, if any, to the Department before final payment is made.

With my signature below, I acknowledge that I have read and understood the "Confidentiality of Tax Information" above.

Michael Nadol
2/2/17